

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Study Session

May 4, 2009
6:00 p.m.

Council Conference Room
Bellevue, Washington

PRESENT: Mayor Degginger, Deputy Mayor Balducci, and Councilmembers Bonincontri, Chelminiak, Davidson, Lee and Noble

ABSENT: None.

1. Executive Session

Deputy Mayor Balducci opened the meeting at 6:02 p.m. and declared recess to Executive Session for approximately 15 minutes to discuss one item of pending litigation.

The Study Session resumed at 6:19 p.m., with Mayor Degginger presiding.

2. Study Session

(a) Continuing Discussion of Bel-Red Corridor Redevelopment

City Manager Steve Sarkozy noted the Council's ongoing discussions regarding redevelopment of the Bel-Red corridor.

Planning and Community Development Director Matt Terry explained that the purpose of the presentation is to review the status of implementing Ordinances and the legislative rezone of the Bel-Red Subarea, discuss the catalyst project concept and Spring District development agreement terms, and respond to letters commenting on the Bel-Red Land Use Code and zoning. Staff is seeking Council direction about whether to incorporate the catalyst enabling concepts into the Land Use Code and whether to add staff's proposed language to clarify the existing conditions issue raised in a public comment letter.

Mr. Terry reviewed the Council process to date, including 14 Council Study Sessions on the Bel-Red plan, development regulations, zoning, and the finance plan. Council has provided direction to staff regarding the NE 15th Street design, zoning designations, existing conditions provisions, building heights and setbacks, affordable housing and incentive zoning, medical office designation, transfer of development rights, and dimensional standards applicable in the eastern node of the Bel-Red corridor. Recommendations have been submitted from five Boards and Commissions, and there has been extensive public comment.

Additional Study Session review is scheduled for May 11, and a comprehensive set of development and zoning regulations is scheduled for adoption on May 18, 2009. The catalyst project proposal addresses the final unresolved issue related to this planning effort.

Mr. Terry reviewed the catalyst project concept. He recalled that the Council provided previous policy direction to capture the economic lift available through zoning amendments, to help fund the public cost of infrastructure needed to support planned growth. Existing property owners in the Bel-Red corridor have expressed concerns regarding incentive zoning, proposed LID (local improvement district) assessments for arterial street improvements, a transportation impact fee increase, and the high cost of developer-funded public improvements.

Last summer, the Council enlisted help from an Urban Land Institute (ULI) panel and requested further analysis of the City's economic and financial feasibility findings. The ULI panel recommended an incentive zoning rate of \$15, as long as a credit for developer-funded infrastructure was provided. The economic analysis studied a range of development types for the Bel-Red area and addressed concerns regarding the feasibility of office development and associated structured parking. The analysis concluded that office redevelopment will be enhanced if incentive rates are reduced in the future, and that lower incentive rates can be increased over time as the area matures.

Mr. Terry reviewed the principles guiding consideration of a catalyst project: 1) Leverage private investment earlier than it might otherwise occur, 2) Signal change in the current light industrial market supporting office and residential mixed use redevelopment, 3) Balance early year incentives with high initial costs of public infrastructure, 4) Focus on large projects that can change the market momentum toward mixed use redevelopment, and 5) Create a level playing field, so that catalyst project incentives could potentially apply to other projects with high public infrastructure costs.

Land Use Director Carol Helland explained that amendments to the Land Use Code to enable catalyst projects would address Tier 1 incentive payments, residential construction requirements, concurrency vesting, and LID assessments. Qualifying catalyst projects are defined as located in a transit/development node, larger than four acres, an average floor-area ratio (FAR) greater than 2.0, requiring significant developer-funded public infrastructure investment, and documented in the project's Master Development Plan.

Deputy City Attorney Kate Berens explained that the Spring District project meets the criteria for a catalyst project. Early redevelopment under this proposal has the potential for stimulating the transformation of the Bel-Red area consistent with the vision in the Bel-Red Subarea Plan. Ms. Berens highlighted key elements of the development agreement terms, including a Master Development Plan supporting redevelopment at a floor-area ratio (FAR) greater than 2.5. The first phase includes public park and recreational amenities to support residential development. Incentive zoning fees are reduced, and additional provisions encourage residential development by the time that light rail is operational. The development agreement also addresses concurrency vesting, a developer-funded LID, and proportional compliance for existing uses.

Mr. Terry requested Council direction about whether to incorporate code language enabling the catalyst project concepts. If so, Council review of draft code language and the Spring District development agreement will be scheduled for May 11. At that time staff will request direction to initiate environmental review and to set a public hearing regarding the development agreement.

Ms. Helland directed Council's attention to Attachment 2 in the meeting packet, responding to comments and suggestions from BelGreen Development and The OPUS Group regarding dimensional standards applicable to the eastern triangle area between Bel-Red Road and 156th Avenue NE. Since staff last met with the Council, letters were received from OPUS, Charles Klinge representing a property owner in the vicinity of the 130th node, and Walter Scott. In response to these letters, staff recommends minor modifications to the existing conditions code requirements addressing the maintenance and repair of existing buildings [See Attachment 3 in meeting packet, Page SS 2-51].

Mr. Terry said staff would like to schedule Council action on the Bel-Red code package for May 18. June 8 would then be scheduled for a public hearing on the Wright Runstad Development Agreement, Council review of related Ordinance amendments, and action to approve the development agreement following expiration of the appeal periods. Staff will request Council action on June 22 to approve the interlocal agreement with King County for the transfer of development rights (TDR) program.

Responding to Councilmember Davidson, Mr. Terry recalled that a component of the overall finance plan for public improvements in this and other parts of the City includes the concept of a Bel-Red local improvement district (LID). However, that proposal stands independently of the single-payer LID proposed under the Wright Runstad (Spring District) development agreement to fund local streets, public utilities, sidewalks and/or other items that benefit the specific development project.

Responding to Councilmember Noble, Ms. Helland explained that independent of the concurrency obligations under the BROTS (Bel-Red Overlake Transportation Study) agreement, there is a cap on office development that will remain in effect until it is superseded or expires in 2012.

Mr. Terry noted that under current regulations, it would be possible for a developer of a large site to vest 100 percent of the concurrency capacity through a master development plan, which would essentially preclude any other property owner in the Bel-Red area from doing any development under the concurrency code. Staff determined this to be an unacceptable result, and therefore sought through the development agreement to limit the extent to which that can happen and to reserve some capacity for future development projects.

Responding to Councilmember Lee, Mr. Terry said that Wright Runstad is agreeable to the Land Use Code provision to apply for a master development plan (MDP) within 18 months following a record of decision on the Sound Transit East Link project. A record of decision is anticipated in two to three years. The code does not obligate the developer to construct a project, but establishes the parameters for how redevelopment will occur.

Responding to Mr. Lee, Mr. Terry said the Bel-Red nodes are defined in the Subarea Plan and also by the zoning that is contemplated to be put in place. The three nodes in the Bel-Red Plan are the Spring District node (between 120th and 124th Avenues), the node to the east targeted for more residential and mixed use development (130th and 132nd Avenues), and the east node which encompasses the properties at Bel-Red Road and 156th Avenue owned by Opus and BelGreen Development. In further response, Mr. Terry recalled past discussions with the Council around the issue of reexamining land use designations around stations, depending on the ultimate resolution of light rail alignment.

Responding to Councilmember Davidson, Ms. Berens said Wright Runstad's full master development plan represents 4.7 million square feet. Transportation concurrency will be reviewed on a phased basis as the plan is constructed.

In further response, Mr. Terry explained that sufficient transportation modeling had been done for the Bel-Red corridor, anticipating the impact of different transportation investments, to know that under the current level of service standard, there is an excess capacity to support approximately 2.5 million square feet of development. With the Spring District proposal, Wright Runstad could vest to one million square feet of office development plus associated residential development, leaving at least one million square feet of capacity for other development projects. He recalled discussions that the City needs to eventually move to a level of service standard reflecting multimodal activity as transit use increases, particularly with the implementation of light rail.

Responding to Councilmember Chelminiak regarding issues raised by Mr. Klinge, Ms. Helland explained that the Bel-Red Steering Committee felt it was important to ensure that there is a graceful transition between existing light industrial (LI) uses and the uses envisioned with redevelopment. Staff created an approach for regulating existing conditions, which incorporates some flexibility to encourage existing uses to continue to reinvest in their properties and to become more compatible with new development as it occurs.

In further response to Mr. Chelminiak, Ms. Helland said Section 20.30K of the Land Use Code includes a provision for requesting a determination about the applicability of the code to a particular case, which can then be appealed to the Hearing Examiner.

Responding to Councilmember Bonincontri, Mr. Terry said a number of projects meet the criteria for a catalyst project, including the BelGreen and Opus sites, and as well as larger property ownerships in the 130th node. However, with the exception of Wright Runstad, no other property owners or developers have yet expressed an interest in the catalyst project incentive. In further response, Mr. Terry said the intent is to tailor the development agreement and fees for specific projects as they are proposed. Ms. Berens noted that state law establishes limits for development agreement provisions and fees. Ms. Helland said the City's Land Use Code will set a number of parameters that the development agreement cannot exceed.

Deputy Mayor Balducci expressed support for the catalyst project incentive approach. She noted that the Wright Runstad project initiates the vision for the area of mixed office and residential uses, as well as parks and open space. She supports moving forward with the development agreement and amendments to the Land Use Code.

Responding to Councilmember Davidson, Mr. Terry confirmed that the City is relying on development to pay for a good part of the parks and stream restoration work in the Bel-Red corridor. Mr. Terry said the catalyst project incentive can be viewed in two ways, either as money lost to the City or from the perspective that the development might never have occurred without the incentives. Incentive zoning is only one tool for financing public infrastructure investments, and it is not sufficient to accomplish the Bel-Red Plan. Funding from the City will be needed over time as the area redevelops.

Councilmember Bonincontri supports providing direction to staff to incorporate the catalyst project enabling concepts in the Land Use Code and to add language clarifying existing conditions/uses regulations. She is not comfortable with the list of prohibited building materials and would like to see it deleted.

Councilmember Chelminiak concurred with moving forward with staff direction as requested.

Councilmember Noble thanked staff for their work on this complex endeavor, and said he is prepared to move forward.

Mayor Degginger commented that this is an exciting and important transit oriented development project for the community, as well as a model for the rest of the country.

Mr. Degginger is supportive of Councilmember Bonincontri's position regarding the prohibited materials list. He asked staff to draft an amendment for consideration next week that would delete the two items mentioned by Ms. Bonincontri.

Councilmember Lee noted his support for moving forward.

Mayor Degginger noted Council consensus to proceed with drafting the Land Use Code amendments and development agreement as discussed.

(b) City Preparations Addressing Swine Flu

Mr. Sarkozy opened staff's presentation regarding the City's preparations to respond to the swine flu pandemic potential.

Battalion Chief Steve Thomas provided an update on swine flu statistics and local and international trends. Public health officials are working with schools, hospitals and healthcare providers to identify and investigate possible swine flu cases. Information has been distributed to City employees via email, and the Emergency Management Committee is meeting on Wednesday. The City is working with Seattle-King County Public Health on long-term planning

initiatives for alternate care facilities and vaccination clinics, as well as participating in a regional public education campaign. Mr. Thomas briefly reviewed measures to prevent the spread of the disease including frequent hand washing and staying home from work or school if exhibiting symptoms of illness.

Mr. Thomas said the Fire Department's Emergency Preparedness Division is maintaining close contact with Seattle-King County Public Health, and working actively with the City's Emergency Operations Board and Emergency Management Committee to continue to respond to the developing situation.

Councilmember Balducci concurred with Dr. Davidson's comments on the need to use common sense and normal preventative measures in responding to flu outbreaks. She noted that epidemiology is a very strong suit at King County Public Health. Situations like this, even if not pandemic, remind us of the need to be prepared and the importance of having a strong continuity of operations plan in place. She noted that the City provides many critical services that need to be provided even if staff is hit hard. We therefore need to think ahead and determine how we will provide services in an emergency, including developing backup plans for school closures. Depending on the type of emergency, the response may differ. She encouraged thinking through various situations in order to be prepared when an emergency does hit. Councilmember Balducci looks forward to seeing further continuity of operations planning.

(c) 2009 Comprehensive Plan Amendments

[Postponed to May 11.]

3. Council Business [Regular Session Agenda Item 6]

Councilmember Davidson attended meetings of the Metropolitan Water Pollution Abatement Advisory Committee (MWPAAC) and the Association of Washington Cities (AWC) Nomination Committee.

Deputy Mayor Balducci participated in a ribbon-cutting event at the At Work office. She attended a King County event at which the City received a Green Building award for the Mercer Slough Environmental Education Center.

Councilmember Bonincontri attended meetings of the Arts Commission and the Eastside Human Services Forum, as well as the Puget Sound Regional Council (PSRC) award event.

Councilmember Lee attended the Kelsey Creek Farm sheep shearing event, Bellevue Youth Link's gumbo night, an environmental education program at Bellevue High School, and the Bellevue Chamber of Commerce awards function. He gave several Rotary-sponsored guests from India a tour of City Hall.

Councilmember Chelminiak attended the annual PSRC general assembly meeting.

Councilmember Davidson attended an open house at City Hall providing information on the Americans with Disabilities Act. He commended staff for their work in organizing this event.

At 8:02 p.m., Mayor Degginger declared recess to the Regular Session.

Myrna L. Basich
City Clerk

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